The Federal Patient Protection & Affordable Care Act: Status of New Mexico’s Implementation

Presentation to the
NM Behavioral Health Planning Council

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September 15, 2010

New Mexico Human Services Department
Federal Patient Protection and Affordable Care Act (PPACA)—Areas of Impact

- Insurance Reforms
- Medicare
- Medicaid
- Quality Improvement & Delivery System Changes
- Workforce
- Tax Changes
- Long-Term Care
- Public Health, Prevention and Wellness
- Individual and Employer Requirements
- Creation of Health Insurance Exchanges/Subsidies
- Plans Offered on the Exchange
Health Care Reform—Progress to Date

HHS has issued the following regulations

- Extend adult child coverage through age 26 beginning 9/23/10.
- 3 NM entities chosen for participation in Early Retiree Reinsurance Program.
- Prohibit insurers from excluding coverage for children with pre-existing conditions beginning 9/23/10.
- Eliminate rescissions for coverage plans beginning on or after 9/23/10.
Health Care Reform—Progress to Date (continued)

- In April, IRS issued notice re tax credits to small employers who purchase health insurance for employees.

- NAIC submitted Medical Loss Ratio definitions to implement 85/15 MLR limits.

- $250 rebate checks mailed to Medicare beneficiaries who have reached the “donut hole” in pharmaceutical coverage.

- “Patients’ Bill of Rights” drafted.

- NM awarded Premium Rate Review grant.
PPACA and State Implementation: 4/20/10 Executive Order 2010-012

- Establishes the Health Care Reform Leadership Team to:
  - Develop a strategic plan, coordinate across state agencies, be accountable for recommendations
  - Oversee development, planning and implementation of federal health reform
PPACA and State Implementation (cont): Strategic Plan July 2010


- Recommendations Governor directs we move forward with:
  - Continue convening the Health Care Reform Leadership Team to assure coordination across state agencies, report directly to the Office of the Governor, and be accountable for recommendations made to the Executive and Legislature.
  - Expand membership of the HCR Leadership Team to include representation from the Higher Education Department; Public Education Department; Department of Finance and Administration; General Services Department, Risk Management Division; Office of the Governor’s Council on Women’s Health; and the Workers’ Compensation Administration.
  - Create an Office of Health Care Reform generally based on the NM Office of Recovery and Reinvestment (NMORR) model utilizing existing staff resources to plan, coordinate, and administer implementation of federal health care reform while reporting to the Health Care Reform Leadership Team.
  - Host the Office of Health Care Reform at the Human Services Department.
  - Determine state statutes requiring amendment/enactment to be in compliance with the Patient Protection and Affordable Care Act.
  - Conduct tribal consultation regarding health care reform initiatives and policies that will impact American Indians.
PPACA and the Federal Temporary High Risk Pool Insurance Program

- Creates the Pre-Existing Condition Insurance Plan Program or Federal High Risk Insurance Pool which covers primary and specialty care, hospital care, and prescription drugs.

- Provides health coverage if you have been uninsured for at least six months, have a pre-existing condition or have been denied health coverage because of your health condition, and are a U.S. citizen or are residing here legally.

- HSD in cooperation with the New Mexico Medical Insurance Pool (NMMIP) is contracting with HHS to run the federal program.

- A person with low income may also qualify for a subsidized premium.
PPACA and the Federal Temporary High Risk Pool Insurance Program (cont)

- The temporary pool will expire in 2014, when the new federal law bars the denial of insurance coverage for medical reasons across all health plans in the country.
- Applications became available at the beginning of July and coverage began in August. So far, 41 people are enrolled in the federal high-risk pool.
- To see if you qualify for the new federal high-risk pool or for additional information on the existing NM high-risk pool visit http://www.nmmip.org or contact NMMIP (505) 424-7105 or Toll Free at (866) 622-4711.
The goals of the Exchange include:

- Promoting competition;
- Simplifying shopping for insurance;
- Enforcing consumer protections;
- Standardizing consumer information;
- Centralizing enrollment;
- Market Reform Policy—shift the market from competition based on avoiding risk into competition based on price and quality;
- New Mexico already conducts some functions of an Exchange within the
  - Human Services Department’s Insure NM! Call Center
  - New Mexico Health Insurance Alliance
  - New Mexico Medical Insurance Pool
  - Public Regulation Commission’s Division of Insurance
PPACA and the Health Insurance Exchange—Enrollment and Eligibility

Enrollment Functions

- Determine eligibility for subsidies;
- Administer subsidies;
- Enroll individuals and businesses into plans;
- Develop and maintain website;
- Run a call center;

Integrated Eligibility

- Single application form for Medicaid/CHIP and Exchange subsidies

Available online, in person, by phone, on paper
PPACA and the Health Insurance Exchange—Federal Statutory Requirements

- All states must establish a Health Insurance Exchange by 2014 or allow the federal government to establish one for the state.

- There will be 2 types of Exchanges operated in each state. One is known as the American Health Benefit Exchange, or Health Exchange, and the other as the Small Business Health Options Program, or “SHOP Exchange.” States can choose to establish a single Exchange serving both individuals and small businesses, or provide coverage through separate entities.

- States can operate the Exchanges directly, contract with a nonprofit entity to operate it, enter into agreements with other states to jointly provide an exchange, or allow the federal government to run the Exchange for the state.

- States may form regional Exchanges or allow more than one Exchange to operate in a state as long as each Exchange serves a distinct geographic area.

- Plans must meet certain qualifications to be included in the plans that can be sold on the exchange to individuals and businesses. Those plans can sell policies at the same price outside of the Exchange too. See information on “qualified health plans”.

New Mexico Human Services Department
The functions of the Exchange include:

- Establish a market place where individuals and businesses can do comparison shopping for health plans. Must include a website where people can compare plans and apply for coverage.
- Certify plans as qualified to sell in the Exchange by determining that plans meet the requirements.
- Help individuals determine their eligibility for Medicaid, CHIP and tax credits.
- Provide reports to the federal government about who are exempt from the individual mandate and therefore exempt from tax penalties.
- Establish “Navigator” programs that will make grants to community-based organizations and other entities to provide outreach and help people in enroll in health care coverage.
- Beginning in 2014, individuals can purchase health care coverage through the Health Exchange.
- Small businesses with up to 100 employees can purchase coverage through the SHOP Exchange. Beginning in 2017, states may allow businesses with more than 100 employees to purchase coverage in the SHOP Exchange.
Plans offered through the Exchange

Qualified Plans & Essential Benefits

◆ New Individual Market and Small Group Plans must offer qualified plans and essential benefits including:
  ➢ Ambulatory patient services
  ➢ Emergency Services
  ➢ Hospitalization
  ➢ Maternal and Newborn Care
  ➢ Mental Health and Substance Abuse Disorder Services
  ➢ Prescription Drugs
  ➢ Rehabilitative and Habilitative Services and Devices
  ➢ Preventive and Wellness Services and Chronic Disease Management
  ➢ Pediatric Services, including Oral and Vision Care

◆ HHS will further define what must be covered within these categories, and the scope of coverage will be equal to the scope of benefits provided under typical employer plans.
Qualified Plans

- Plans that offer essential benefits can offer varying levels of coverage, known as Bronze, Silver, Gold and Platinum levels. These levels are distinguished by the percentage of costs that will be paid for by the plan.
  - Bronze plan will be for 60% of the cost of covered benefits,
  - Silver plan will pay for 70%,
  - Gold plan will pay for 80% and,
  - Platinum plan will pay for 90% of the cost of covered benefits.

- In addition to the above, plans can offer to individuals under the age of 30 “catastrophic plans” that cover essential benefits but have very high deductibles - $5,950 for an individual in 2010, to be updated annually by premium inflation. Catastrophic plans are only required to cover three primary care visits before a person satisfies the deductible. The other plans noted above must cover all recommended preventive care before a person satisfies the deductible. The catastrophic plan may also be available for purchase by individuals exempt from the mandate because no affordable plan is available to them or because of a hardship.
Individual Responsibility

- Individuals must acquire health care coverage or pay a tax penalty.
- Some people are exempt from the individual mandate including:
  - Tribal members
  - Individuals with low incomes who are not required to file taxes
  - Members of certain religions that are exempted for religious reasons
  - Incarcerated individuals
  - Undocumented immigrants
  - Those without coverage for less than three months
  - People who do not have an affordable offer of coverage, either through the Exchange or through their employer. “Affordable” is defined as when the monthly premium does not exceed more than 8% of a family’s income in 2014 (indexed in later years to account for both premium and wage increases).
Penalties for Individuals

- People who forgo insurance will pay the greater of:
- 2014: a) $95 per adult family member without coverage (and half that amount for each child), up to a maximum of three times that amount for a family ($285); or 1% of their taxable household income.
- 2015: $325 or 2.0% of their taxable household income
- 2016: $695 per adult family member without coverage, up to a maximum of $2,085 for a family, or 2.5% of taxable income.
Employer Responsibility & Penalties

- Starting in 2014, employers with more than 50 employees are assessed a penalty if they fall within either of two categories.

1. Employers of more than 50 employees are assessed if they do not offer coverage and have at least one full-time employee who receives a tax credit toward the premium cost to purchase coverage through an exchange. Employers in this group pay $2,000 a year for each full-time-equivalent employee, excluding the first 30 employees.

2. Employers with more than 50 employees who do offer coverage but have at least one full-time employee receiving a premium tax credit will pay the lesser of $3,000 for each employee receiving a credit or $2,000 for each full-time employee, excluding the first 30 employees from the assessment.
Employees can receive a credit and purchase coverage through the Exchange if their share of premiums in the employer’s plan would consume an unaffordable share of their incomes. In this case, a plan is considered “unaffordable” if the premiums consume more than 9.8% of family income in 2014 (indexed in later years to account for both premium and wage increases).

The amount of the penalties for employers will be indexed over time by a factor based on the increase in insurance premiums.

Employers with fewer than 50 employees are exempt from any of the above penalties.

Requires employers that offer coverage to their employees to provide a free choice voucher to employees with incomes less than 400% FPL whose share of the premium exceeds 8% but is less than 9.8% of their income.
Impact of Health Care Reform on Medicaid

- Health reform legislation includes a mandatory expansion of Medicaid eligibility to 133% FPL -with additional 5% disregard makes it in essence up to 138% FPL - for all populations, including parents and childless adults
  - 133%FPL - $14,404 for an individual and $29,327 for family of four (2009)
  - With 5% income disregard, expands to 138% FPL

- HSD estimates that over 200,000 New Mexicans will be eligible for Medicaid once the expansion goes into effect in 2014
  - This figure includes 62,000 children who are already eligible for Medicaid or CHIP, but who are not currently enrolled
  - Estimate of 142,000 adults newly eligible
Medicaid Interface with the Exchange

◆ The Health Insurance Exchange and HSD’s IT eligibility system must be able to interface with each other. States will be required to:
  ➢ Create a single, streamlined application for persons applying to either Medicaid, CHIP or premium tax credits through the Exchanges;
  ➢ Enable individuals to apply or renew Medicaid coverage through a web site with electronic signature; and
  ➢ Establish procedures to enable individuals to apply for Medicaid, CHIP, or the Exchange through a state-run web site that must be in operation by Jan. 1, 2014.

◆ Individuals will be screened for Medicaid before purchasing insurance through the Exchange.
Other Provisions

- Makes premium and cost-sharing credits available to individuals and families with income between 133%- 400% FPL
  - Premiums offered on a sliding scale basis, limiting the cost of the premium to no more than
    - 3% of income for those at 133% FPL, and
    - 9.5% of income for those between 300%-400% FPL
    - After 2014, percentages adjusted to reflect annual changes in income and premium costs

- No cost-sharing for preventative services and those with income up to 250% FPL
Impacts on Individuals with Behavioral Health Needs

- **Expanded Coverage**
  - Medicaid expansion
  - Cannot be denied coverage for a pre-existing condition
  - Focus grant dollars for recovery support services not paid for through insurance benefit plans
  - Changes in Medicaid to assist youth to maintain coverage in times of transition
  - Expands possibility of home & community-based services for individuals with mental illness & substance use disorders (MI/SUD)
  - Establishes a “Medicaid Emergency Psychiatric Demonstration”

- **Implementation of Behavioral Health Parity**
  - Parity required in essential benefits plans offered through Exchanges
  - Employer mandate requires parity in private health plans
  - Medicaid parity regulation still to come

New Mexico Human Services Department
Accountable Care Organizations

- Accountable Care Organizations (ACOs) & Relationship to NM’s Core Service Agencies (CSAs)
  - Programs to expand “medical homes” to include behavioral health
  - School-based health clinics to provide mental health & substance use disorder assessments, crisis intervention, counseling, treatment
  - States that develop health homes must “consult & coordinate” with SAMHSA regarding the prevention & treatment of MH/SUD
  - Increased patient-centered health research
  - Training grants for behavioral health workforce
  - Training on MH/SUD for Primary Care Extender
PPACA and Next Steps—Overall Implementation in New Mexico

Further Information Available at

http://www.hsd.state.nm.us/includes/nhcrlao.htm

Or Contact

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